

MarkStrat Simulation Analysis – Buffalo R/Radiotek

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Executive Summary

Our group, Radiotek, adopted a flexible and research-based strategy during the Markstrat simulation, adjusting every round to optimize our share price index (SPI), volume market share, value market share, and net contribution. The foundation of our whole strategy was focused segmentation, ongoing brand realignment, strategic entry into the Vodite market, and long-term marketing and R&D investments.

Initial Rounds 1–3: Establishing the Basis and Distinguishing

Our first focus was primarily on comprehending consumer preferences and market forecasts. ROCK was designed for high earners and professors, whereas ROLL was made for explorers and savers. We adapted ROLL for Savers and Explorers and ROCK for High Earners and Professors. Our initial priorities were to close manufacturing bottlenecks, differentiate our brands, and adjust our advertising budget according to buy intentions and brand awareness. To get ready to join the Vodite market, we also made R&D investments while carefully controlling our limited finances.

Middle Rounds (4–6): Diversification and Growth

Building on our initial success, we increased ROCK's market share among professors and high earners while refocusing ROLL's attention on the Shoppers and Savers categories, which are expected to develop at the fastest rates. We modified our product views, changed prices to better meet segment expectations, and better distributed our commercial teams to match buying behaviors. In order to better match ROLL with the demands of the developing market, we initiated a second R&D project during this phase and developed REACH, our Vodite brand, aimed toward innovators.

Final Rounds (7–8): Expanding and Adjusting to Market Development

Despite ongoing difficulties with brand repositioning, we were able to keep ROCK's lead among professors and solidify ROLL's standing with shoppers in the final rounds. REACH struggled to properly shift to Adopters and Followers, while gaining significant awareness among innovators. As the market developed, we concentrated on increasing production to keep up with anticipated growth, optimizing our price (\$490 for ROCK, \$310 for ROLL), and reallocating our marketing budget to boost sales in the last period.

Performance Highlights

- **In terms of the Share Price Index (SPI), we came in second place in the Buffalo market. We were constantly in second place for both volume and value market shares.**
- **With strong brand loyalty among professors, we were able to establish ROCK as a category leader.**
- **Although it wasn't easy, we reoriented ROLL on high-growth segments.**
- **Despite slower than expected widespread adoption, REACH was able to gain competitive awareness among innovators thanks to our early Vodite participation.**

Round 1

Strategic Options and Tactical Decisions

We are planning to review the market forecast and the other market research studies which we conducted to understand the market layout and consumer preferences. We kept our team identity with our team's name of "RadioTek" to reflect our team spirit and relevance to the industry. By looking at each consumer segment, we will tailor our products to fit the needs of the largest segment that is the closest fit to current product qualities. We will also consider the consumer segment growth rates to capitalize on room for growth. By analyzing all this information, we are aiming to focus our products on consumer preferences and target the growing segments to make the most profit and gain market share.

The market is expected to grow by 18% in the next period and Savers will be the most prominent segment in the next period. Therefore, keeping this in mind we are going to tailor our product offerings to match Savers and Explorers (as they have the second largest market share) product expectations. Also, it's important to consider that the segment with the largest growth rate is the high earners for the next period.

Production Planning

The production report from period 0 showed that Rock was unable to fulfill all orders due to underestimating/poor production planning. 120k units were sold but the production plan was for 100k units

sold. Additionally, the market is expected to grow by 18%. Thus, we decided to up the production of Rock this round from 120k to 155k thousand units. For Roll, we decreased production from 100k units to 50k units because the period 0 production report showed an over planned production; 100k units were planned, 80k were produced, 47k units were sold, and the inventory at the end of the period was 33k units.

Pricing

We dropped the ROLL price from the recommended \$550/unit to \$400/unit to gain a higher share of the market. We upped the price of ROCK \$5 to \$500/unit.

Advertising and Segmentation Strategy

For our segmentation distribution, we first looked at the data from the consumer survey panel to check for each of our brand's awareness amongst segments as well as the purchase intentions of each branch amongst segments. From the consumer survey of brand awareness in period 0, we found that Profs, High Earners, and Explorers had the highest level of brand awareness for our Rock\k compared to the rest of the segments. Those three segments were also the most aware of our Roll brand in period 0.

Regarding purchase intentions, High Earners, Profs, and Explorers were also the most likely to purchase Rock. This round we will focus more on High Earners as they are predicted to be a growing segment and already have the attention and interest in ROCK. We changed our allocation of resources to segments as follows: 40% High Earners, 25% Profs, 25% Explorers, 5% Savers and 5% Shoppers. We changed our media budget from \$2400 -> \$2000 because we already have high awareness and purchase intention from desired segments and increased our budget from \$100 -> \$500 to learn more to inform future strategies.

For Roll, the segments that are most likely to make a purchase are Explorers and Profs.

However, in the practice round we learned that we lacked differentiation between brands, thus, we decided to focus on different segments for Roll initially. This is a strategy we decided on despite the lack of brand perception and attributes. Specifically, we will be targeting Savers and Shoppers, as savers are expected to be the highest growing segment and Shoppers most closely align with this segment. We allocated our resources as follows: 30% Savers, 25% Shoppers, 20% Explorers, 15% Profs, and 10% High Earners. We also changed our media budget from \$1440 -> \$1300 and our research budget from \$60,000 -> \$200,000 to learn more about these segments and gain awareness of growing segments to better align with their preferences.

Commercial Team

We chose to allocate the highest percentage of our commercial team to specialty stores because 75% of ROCK products and ~71% of ROLL products sold in Period 0 were sold at specialty stores. This can be attributed to the fact that consumers in our top 3 market segments for ROCK, Profs, High Earners, and Explorers, are 50-75% likely to shop at specialty stores instead of at mass merchandisers or online. However, between 43-60% of shoppers and savers (the two market segments most likely to purchase ROLL) are most likely to shop at mass merchandisers. Only 51% of our commercial team for ROCK and 48% of our commercial team for ROLL were allocated to specialty stores during Period 0. We chose to allocate ~64% of our ROCK team to specialty stores, ~27% to mass merchandisers, and ~9% to online stores. We chose to allocate ~36% of our ROLL team to specialty stores, ~53% to mass merchandisers, and ~9% to online stores. We believe these changes in commercial team allocation will be conducive to higher feelings of consumer satisfaction and increase the rate at which we acquire, engage, and retain our customers.

Market Research

We chose to purchase all marketing studies relevant to the Sonite Industry in this period. We believe that we must gain a full understanding of both our customers and competitors early on to create a successful competitive advantage. We chose not to purchase any Vodite market research studies because we want to

focus solely on our Sonite brands for the time being. We also started a Vodite brand during the first practice round without first conducting R&D and the new brand turned out to be a colossal failure.

Metrics, Changes in Performance, and Moving Forward

In this round we focused on ensuring that we increased production of ROCK in order to fill all potential orders and maximize revenue. In addition, we decreased the production of ROLL to minimize the left-over inventory at the end of the next period. We accounted for the fact that the market is expected to grow 18% in the next period.

Since we have no data from previous rounds, we used the simulation rounds to adjust our strategy and project future changes in performance. We tried to differentiate ROCK and ROLL so they can more accurately reflect their target market and take full advantage of their strongest customer segments (considering how these segments will grow in the future as well). We believe that focusing on differentiation will provide positive results regarding round 1 performance as compared to our practice round.

Moving forward, we will analyze the results of round 1 and determine how well our differentiation strategy worked. Furthermore, we will investigate doing R&D to prepare for starting a Vodite brand (with a strong start). Based on the results of our marketing reports, we will make adjustments as needed to our marketing mix and overall strategy. The primary goal here is to set ourselves up with a strong foundation and easy adjustments as we go to the next round.

Purchase Intentions by Consumer Segment

Brand	Firm	Explorers	Shoppers	Profs	High Earners	Savers
LOCK	Legends	3.3%	7.3%	1.0%	0.3%	19.4%
LOOP	Legends	11.5%	6.3%	23.9%	33.9%	0.9%
MOST	Mbuffalo	3.9%	12.0%	1.1%	0.4%	39.9%
MOVE	Mbuffalo	9.4%	23.5%	4.6%	1.6%	4.8%
ROCK	Radiotek	13.3%	5.4%	27.6%	21.3%	0.8%
ROLL	Radiotek	15.4%	4.5%	9.4%	3.2%	0.7%
SOFT	Stampede	3.7%	8.9%	1.0%	0.4%	24.4%
SOLO	Stampede	6.2%	21.7%	3.0%	1.1%	7.5%
TONE	Titans	10.0%	5.6%	21.6%	36.0%	0.8%
TOPS	Titans	23.2%	4.8%	6.7%	1.8%	0.8%

Round 2

Strategic Options and Tactical Decisions

Our strategy and overall tactical decisions this round revolved around entering other markets to reduce reliance on ROCK, looking at the long-term performance of our team. We started an R&D Project in the Vodites market (PEALPHA), with a budget of 200k. We also adjusted our decisions from round 1 to better reflect market changes and prioritize the right consumer segments.

Production Planning

For Rock, we analyzed that inventory management is on track. Our production Plan was set at 155k units, and we produced and sold 135k units. Thus, we decided to maintain the current production plan of 155k units.

For Roll, we saw an overproduction of 16k units last period, thus we decided to adjust the production plan to avoid excess inventory. Our production plan was slightly too high (50k), and with our ending inventory of 16k, we decided to decrease our production planning from 50k units to 40k units to match the expected demand and account for fluctuations.

Pricing

For Rock we have the third highest price, set at \$500, which is the recommended price. We have decided to choose this price and stick with it since it drove a lot of sales and as we had a lot of sales.

For Roll, we decided to drop the price from \$400/unit to \$390/unit. This price is the lowest offered price in the market, which is attractive to our segment but also allows us to start and try to gain share of Savers, who highly value a low offered price, as they are one of the highest growing segments. This will position us for success in the future for entering a new segment as it evolved.

Advertising and Segmentation Strategy

For ROCK, although Profs had the highest purchase intention at 27.6%, we decided to focus on High Earners, who have a 21.3% purchase intention and 67% brand awareness—the highest among high-income segments. High Earners are predicted to grow by 95% and lead in retail sales with \$92M. We aimed to leverage our strong positioning, as we hold a 20.7% market share in this segment, ranking third. Our resource allocation was 50% High Earners, 30% Profs, 5% Shoppers, 10% Explorers, and 5% Savers. We reduced the media budget from \$2M to \$1.5M and increased the research budget from \$500K to \$1M to refine future strategies. Perceptual map analysis showed High Earners value Design (5.9) and Price (5.6), aligning with projected trends.

For ROLL, after targeting Savers and Shoppers previously, we shifted focus to Explorers, who have the highest brand awareness at 57% and a 15.4% purchase intention—47% of sales come from this segment. Our new resource allocation was 2% High Earners, 8% Profs, 15% Shoppers, 42% Explorers, and 33% Savers. We reduced focus on High Earners to differentiate from ROCK, increasing emphasis on Savers due to their strong growth. Roll's overall brand awareness was low (48%), but Explorers were key with 57%. To improve awareness and reach, we increased the media budget from \$1.3M to \$1.5M and the research budget from \$200K to \$100K.

Commercial Team

For Rock, when targeting High Earners, we see that for this segment 50% choose Specialty Stores and 33% Mass Merchandising. Last round we had 21% specialty stores, 9% mass merch, and 3% allocated to online stores. Based on the data, we decided to increase specialty stores to 23%, and increase mass merch to 15% and drop online to 2% to better align with their preferences.

For Roll, looking at shopping habits we saw that it was 75% Specialty stores, 15% online stores, and 10% Mass merchandising. Thus, we decided to reallocate the commercial team to better align with the sales made in each channel by reducing allocation to Mass Merchandising from 17% to 9% and increasing focus on Specialty Stores from 12% to 20%. We also decided to keep the online stores allocation at 3%.

Market Research

To continue with our research, we bought the general studies (Benchmark) and all the marketing studies for the Sonites market to continue learning more about this market as we move forward.

Due to us moving towards breaking into the Vodites Industry, we also decided to purchase some Vodites studies that we believe will be good to investigate before we launch a product (Market Forecast, Consumer panel, Consumer Survey, Competitive advertising, and Distribution panel).

Metrics, Changes in Performance, and Moving Forward

This round was difficult to make decisions. The results of the last round put our firm, RadioTek ranked at #4 in share price index, #4 in volume market share, #3 in value market share, and #4 in net contribution. However, this round we were forced to strategically allocate our budget which was \$7.3M, because it was one of lowest in the industry. Our primary priority was to address our perceptions and allocate our resources more closely to align better with our targeted markets. To manage our financials and better plan, we initiated a cost-reduction R&D project for Roll, to lower the production costs from \$225 to \$158. This decision cost us \$720k but will result in potential savings of \$3.8M.

R&D projects								
The table below lists the projects which the R&D Department will develop in Period 2								
Project	Objective	Features (1)	Design (2)	Battery (3)	Display (4)	Power (5)	Requested Base Cost (\$)	Allocated Budget (K\$)
POROLLCRP2	POROLL Cost Reduced	13.00	4.00	78.00	36.00	91.00	0	720.00
(1) Features (Number of): From 5 To 20. (2) Design (Index): From 3 To 10. (3) Battery (Hour): From 24 To 96. (4) Display (Inch): From 4 To 40. (5) Power (GFlops): From 5 To 100.								
Online Query								
The table below lists the online queries made to the R&D Department while making Period 2 decisions								
Query	Features (1)	Design (2)	Battery (3)	Display (4)	Power (5)	Requested Base Cost (\$)	Requested Budget	Minimum Cost
POROLLCRP2	13.00	4.00	78.00	36.00	91.00	0	720.00	158.00
(1) Features (Number of): From 5 To 20. (2) Design (Index): From 3 To 10. (3) Battery (Hour): From 24 To 96. (4) Display (Inch): From 4 To 40. (5) Power (GFlops): From 5 To 100.								

Round 3

Production Planning

Last Round for Rock, we maintained the production of 155k units because inventory management was on track. Our decision yielded an adequate result for this round with no units left in our inventory. Last round, 184k units were sold and 184k units were produced. Looking at the results from round 2 we decided to make the production planning set to 200k units. Last Round we decreased Roll’s production from 50k to 40k, because we faced excess inventory of 16k after round 1. However last round we faced an estimated 10k units of potential sales. Our production plan was set to 40k units and 48k units were produced, while 64k units were sold. After analyzing the results from this adjustment, we decided to set the production to 65k units.

Pricing

The price we had set for Rock since the first round was \$500. This was the third highest price in the market. Since we were profitable and aligned with our target segment’s (High Earners) ideals, we stuck with this price last round. Moving forward, we decided to set the price to \$480 and see how this affects our brand perception and how our targeted consumers react to this change.

Last round we dropped Roll's price by \$10/unit to \$390/unit which placed us offering the lowest price in market. Our strategy was to stay attractive to explorers with value offering of price, while preparing to gain share of the Saver's segment as they are the highest growing. After analyzing the effect of this adjustment, we set the price to \$370.

Advertising and Segmentation Strategy

Last round for Rock, we targeted High Earners, setting semantic scales for Design (5.9) and Price (5.6) to boost value offering. Allocation was 50% High Earners, 30% Profs, 5% Shoppers, 10% Explorers, 5% Savers; media budget \$1,500k, research budget \$1,000k. After reviewing results, we continue targeting High Earners, ranked #1 in value retail sales (\$113M) with 53% growth potential. Rock's High Earner share rose 1.7%U to 22.4%U, ranking #3, and awareness among High Earners is strong at 70%. New allocation: 11% Explorers, 6% Shoppers, 22% Profs, 56% High Earners, 5% Savers. With high awareness already, we used semantic scales to better align, selecting Processing Power (6.2) and Display (6.0). Media budget adjusted to \$1,100k and research budget increased to \$1,300k.

For Roll, last round we shifted focus to Explorers while reallocating efforts toward Savers due to their high growth and market share, despite Explorer decline. Round two allocation: 2% High Earners, 8% Profs, 15% Shoppers, 42% Explorers, 33% Savers; media budget \$1,500k, research budget \$100k. Analysis showed 64% of Explorers are aware of Roll, one of the highest among offerings, with Roll ranked #2 among Explorers at 17.4%U (+3.7%U). Despite Explorers ranking #5 in value retail sales (\$73M), we are shifting focus toward Savers and Shoppers to capture emerging growth. New allocation: 26% Explorers, 30% Savers, 17% High Earners, 8% Profs, 19% Shoppers. Media budget reduced to \$1,000k, research budget increased to \$300k.

Commercial Team

Last round our allocation for Rock was 23% specialty stores, 15% mass merchandising, and 2% online stores. The commercial team allocated to Rock was not perfectly aligned with the sales made on each channel. Last round we allocated too many people to mass merch and not enough to online stores. Looking at the shopping habits, High earners were 49% Specialty stores, 31% mass merchandising, and 20% online. We upped our total and changed our commercial team distribution to the following: 20% specialty stores, 15% mass merchandising, and 10% online.

Last round our allocation for Roll was 20% specialty stores, 9% mass merchandising, and 3% online stores. This allocation did not exactly align with the sales made on each channel. Looking at the Shopping Habits, explorers have 73% specialty stores, 11% mass merchandising, and 16% online.

Savers however are 28% specialty stores, 61% mass merchandising, and 12% online. We upped our total and changed our commercial team distribution to the following: 20% specialty stores, 10% mass merchandising, and 10% online.

Market Research

To continue with our research, we bought the general studies and all the marketing studies for the Sonite market to continue learning more about this market as we move forward. We chose to only purchase the Market Forecast research for the Vodite Industry. Our logic is to maximize the amount of our budget which we can pour into R&D for our Vodite brand. The more quickly we can conduct comprehensive R&D, the more quickly we will be able to launch a successful Vodite brand. However, we still believe that it's important to understand the forecast of the Vodite industry even before we enter.

Metrics, Changes in Performance and Moving Forward

The results from last round put our firm at #3 in share price index; #3 in volume market share; #1 in value market share; and #3 in net contribution. Our budget this round was \$9.8m, which was an increase from last round which was \$7.2m. We decided to allocate a heavy chunk of our budget towards our R&D project for

entry into the Vodite market (PEALPHA), with 3 578 K\$ put towards completion. Our goal is the same - to enter the market as soon as possible. We plan to finish the R&D next round barring any issues.

Brand contribution

The table below shows a comparison of the net contribution generated by the brands marketed by firm Radiotek in Period 3.

	ROCK Sonites	ROLL Sonites
Revenues	68,456	17,851
Cost of goods sold	-31,767	-14,527
Inventory holding cost	0	0
Inventory disposal loss	0	0
Contribution before marketing	36,689	3,324
Advertising media	-1,100	-1,000
Advertising research	-1,300	-300
Commercial costs	-974	-974
Contribution after marketing	33,315	1,050

Round 4

Production Planning

Last Round for Rock, we upped the production to 200k units. We had no units in our inventory. With the markets growing we planned to up our production planning to 240k because ROCK is our strongest brand with the highest potential sales especially because the market is expected to grow 18.2% in the next period.

Last Round the production plan was set to 65k units. This production planning was set too low, and we lost an estimate of 4k units of potential sales because 78 units were produced. As a result, and with the market growth, we decided to up production planning for ROLL to 95k units.

Pricing

The price we had set for Rock since the first and second round was \$500. This was the third highest price in the market. Last round we decided to lower the price to \$480 and see how it affected our brand perception. ROCK brought in the majority of our revenue from Profs and High Earners. Thus, we decided to maintain the price and keep it at \$480 for now.

Last round we dropped ROLL's price to \$370. The average retail price is currently \$358. Since we are repositioning and targeting new segments of shoppers and savers, we decided to drop our price our \$360.

Advertising and Segmentation Strategy

For Rock, last round we declared high earners and profs as our primary target segment and used semantic scales to better target high earners. Looking at the ideal values on the semantic scales, we decided on the two dimensions of Processing Power (6.2) and Display (6.0). to increase our value offering. Last round's allocation was as follows: 11% Explorers, 6% Shoppers, 22% Profs, 56% High Earners, and 5% Savers.; media budget: \$1,100k, research budget: \$1,300k. The results from last round showed that ROCK is leader in Profs with a share of 47.9%U, which is a 10.3% increase compared to last round. Looking at this segment, Profs are ranked #1 in terms of value retail sales (\$133 m) and is slightly attractive in terms of future growth (7%). ROCK holds a good position with Profs as 68% are aware of ROCK, one of the highest awareness levels amongst offerings targeted at Profs. We will continue to target High Earners and Profs as it has been

profitable for us. Our new allocation for this round goes as follows: 11% Explorers, 6% Shoppers, 22% Profs, 56% High Earners, and 5% Savers.; media budget: \$1,100k, research budget: \$1,300k. For perceptual objectives we chose to focus on Display and Price. Since they are equally valued, we set each of these dimensions at 3.5 in Semantic Scales.

For Roll, in the last round we shifted our targeting focus to primarily the Explorers segment. We focused on the allocation and redistribution of our marketing efforts to begin to gain awareness and interest from Savers, as they are the highest growing segment and hold a high market share, while explorers are expected to decline. Our round three allocation went as follows: 26% Explorers, 30% Savers, 17% High Earners, 8% Profs, and 19% Shoppers; media budget \$1000k and research budget from \$300k. Currently, ROLL is ranked #2 in Explorers with a share of 19.9%. This segment is ranked #5 in terms of value retail sales (\$72 m) however it is not attractive in terms of future growth (-28%). Thus, we plan to shift our allocation of resources to steer away from Explorers and push heavy on targeting Savers and Shoppers as the segments with the highest future growth. For semantic scales for perceptual objectives, we set Processing Power at 4 and Display at 5. Our new allocation goes as follows: 5% Explorers, 40% Savers, 10% High Earners, 5% Profs, and 40% Shoppers. We have also set our media budget to \$1,100k and our research budget at \$1,300k to learn more and keep up with advertising to target the new segments.

Commercial Team

Last round our allocation for Rock was 20% specialty stores, 15% mass merchandising, and 10% online. Looking at the shopping habits, High earners were 48% Specialty stores, 30% mass merchandising, and 22% online. Profs were 54% Specialty stores, 23% mass merchandising, and 23% online. Based on this, we added 10 more stores than last period and changed our commercial team distribution to the following: 30% specialty stores, 15% mass merchandising, and 10% online.

Last round our allocation for Roll was 20% specialty stores, 10% mass merchandising, and 10% online. Since we are shifting are target segments, we looked at the shopping habits of savers and shoppers as we begin to shift away from targeting explorers because they are a dying segment. Savers have 26% specialty stores, 61% mass merchandising, and 13% online. Shoppers are 42% specialty stores, 42% mass merchandising, and 16% online. Based on this, we upped our total amount of stores by 5 and changed our commercial team distribution to the following: 18% specialty stores, 26% mass merchandising, and 6% online.

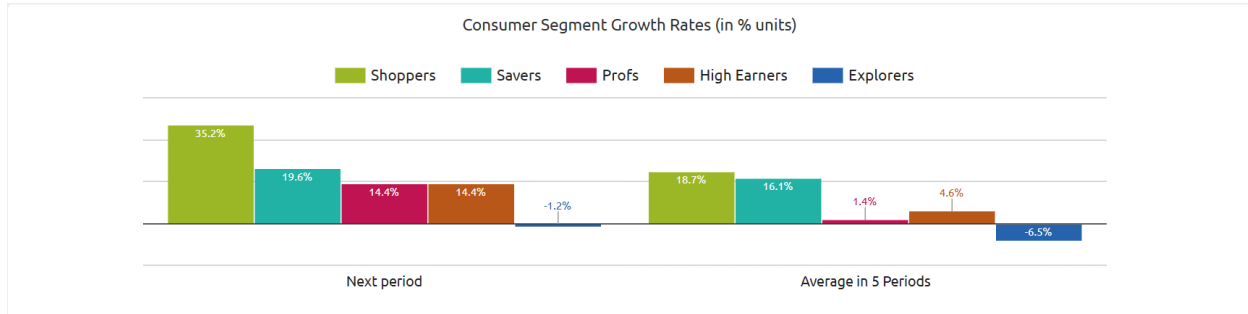
Market Research

We chose to spend \$4,596K on R&D for our upcoming Vodite brand. TROCK currently makes up 97% of our sales, so we must spend more money on improving our other products to hedge our risks. Our response to this is to be first movers in the Vodite industry to gain market share early on to develop a sustainable competitive advantage. We are finishing the R&D project for our Vodite this period and plan to launch our brand next period. The budgets required for the completion was 3114k and we allocated 4596k. Our objective through this R&D project is to indicate entry into Vodites market for income diversification. All our products are currently being produced at the minimum cost, so no further R&D projects were necessary this round. We also purchased all available market research studies concerning both the Sonite and Vodite industries. We believe it is crucial to have a full understanding of the industry, customers, and competition before launching our own Vodite brand.

Metrics, Changes in Performance and Moving Foward

The results from last round returned our best performance changes yet. Our firm is currently placed at #2 in share price index: #2 in volume market share; #2 in value market share; and #3 in net contribution. Lat round we had a below average budget, but with the positive results, our budget for this round was \$12.1m. While continuing to gain market share and achieve top standings, we decided to overspend this round and

apply for a loan which allowed us to invest more in our business planning and research. We overspent by \$700k.



Round 5

Production Planning

Last Round for Rock, we upped the production from 200k to 240k units. This was set too low. 288k units were produced and we lost an estimate of 70k potential sales. To recover from this loss of sales last period and prepare for the growing market we set production planning at 370k.

Last Round for Roll, we upped our production plan from 65k to 95k units. However, this production plan was set too low, and we lost an estimate of 3k units of potential sales because 114 units were produced. As a result, and with the market growth, we decided to up production planning for ROLL to 130k units.

Pricing

The price we had set for Rock from the first and second round was \$500. The third and fourth round we lowered the price to \$480. ROCK brought in the majority of our revenue from Profs and High Earners. Thus, we decided to set the price at \$480 for now.

Last round we dropped our price to \$360 from \$370. The average retail price is currently \$348. Since we are targeting new segments of shoppers and savers who value low prices, and our competitors have lower prices than ours (TOP \$300, SOCK \$340), we decided to drop our price to \$344.

Advertising and Segmentation Strategy

Last round for Rock, we targeted High Earners and Profs with allocations: 11% Explorers, 6% Shoppers, 22% Profs, 56% High Earners, 5% Savers; media budget \$1,100k, research budget \$1,300k. Perceptual objectives focused on Display and Price (both at 3.5) to match High Earner preferences. ROCK led Profs with 58.8% share (+11.0%), ranked #2 in value sales (\$158M) but projected -14% growth over 5 periods. Due to this decline, we continue prioritizing High Earners while accounting for the declining Explorers segment. New allocation: 1% Explorers, 6% Shoppers, 25% Profs, 63% High Earners, 5% Savers; media budget \$2,000k, research budget \$800k. New perceptual objectives are Design (5.7) and Price (5.5).

For Roll, last round we shifted from Explorers to Shoppers and Savers with allocations: 5% Explorers, 40% Savers, 10% High Earners, 5% Profs, 40% Shoppers; media budget \$1,100k, research budget \$1,300k. Perceptual objectives were Processing Power (4) and Display (5). ROLL ranked #5 among Shoppers with 10.4% share (+3.9%), \$138M in value sales (#4), and 86% projected growth, though only 52% shopper awareness. We continue targeting Shoppers and Savers, adjusting the brand by lowering price and increasing design. New allocation: 1% Explorers, 42% Savers, 4% High Earners, 4% Profs, 49% Shoppers; media budget \$1,800k, research budget \$1,300k.

Commercial Team

Last round our allocation for Rock was 30% specialty stores, 15% mass merchandising, and 10% online. Looking at the shopping habits, High earners were 48% Specialty stores, 28% mass merchandising, and 24% online. Profs were 51% Specialty stores, 25% mass merchandising, and 24% online. Based on this, we changed our commercial team allocation, and we upped the number of stores to 90 with the following breakdown: 45 specialties, 25 mass merch, and 20 online.

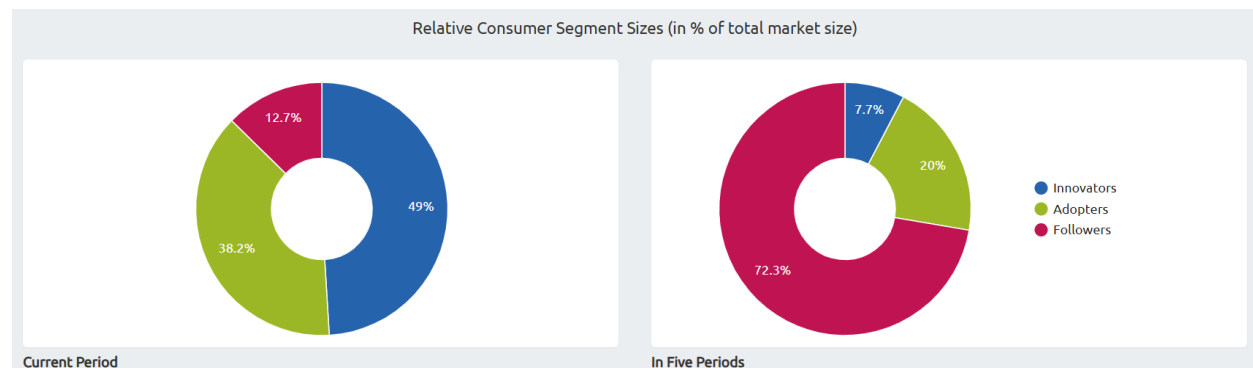
Last round our allocation for Roll was 18% specialty stores, 26% mass merchandising, and 6% online and upped our number of stores by 5. Looking at the results from the last round, we see that shoppers shopping habits are 40% specialty stores, 42% mass merchandising, and 18% online. Based on this, we changed our commercial team allocation, and we upped the number of stores to 62 with the following breakdown: 22 specialty, 30 mass merch, and 10 online.

Market Research

Once again, we purchased all market research studies for Sonites and Vodites to be up to date on the current state of the market. This will allow us to best cater each of our product offerings to the most appealing segments, respectively. We also decided to initiate the launch of our first Vodite brand. We plan to cater primarily to savers and shoppers because these segments have the highest growth rates. In addition, we do not currently have a brand targeted towards savers, so we are trying to fill this void in our assortment. We also want to be the first entrants to the Vodite market, so we gain a sustainable competitive advantage early on.

Vodite Launch

We launched our Vodite brand, REACH. We set competitive pricing and set our price to \$550. We allocated \$1500k to research and \$1500k to media. Our allocation is: 80% innovators, 15% adopters, and 5% followers. Our production is set at 70k units. In terms of our commercial team, we allocated 10 specialty stores and 10 online stores to get reach. We are mainly focused on gaining awareness and asserting our brand as early entrants in the market.



Metrics, Changes in Performance and Moving Forward

The results from last round returned our best performance changes yet. Our firm is currently placed at #2 in the share price index; #2 in volume market share; #2 in value market share; and #2 in net contribution. Our budget for this period was \$17m, which was above average compared to other firms. Last round we applied for a loan by overspending by \$700k and we are beginning to pay it back.

Round 6

Production Planning

Last Round for Rock, we upped the production from 240k units to 370k units to make up for our loss of sales and the growing market. This was set too low, 444k units were produced, and 2k units of potential sales were lost. Based on the units sold, we set production to 450k units this round.

Last Round for Roll, we upped our production plan from 95k to 130k units to avoid more loss of potential sales and account for the growing market especially since we modified our brand to target the growing segment of Shoppers. This plan was set too low, \$156K were produced and we lost 19k units of potential sales. Based on this, we set production this round to \$180k units.

Pricing

For ROCK, the past three rounds we have had the price set at \$480 which worked well in those rounds since we've been targeting High Earners and Profs. This round we decided to keep the price at \$470.

Regarding Roll, last round we dropped our price from \$370 to \$344 to better align it with ideals of Shoppers and savers. Continuing to target savers and shoppers who value low prices, we decided to set our price this round to \$320.

Advertising and Segmentation Strategy

For ROCK, the last round's allocation was: 1% Explorers, 6% Shoppers, 25% Profs, 63% High Earners, and 5% Savers, with a media budget of \$2M and research budget of \$800K. We focused on Design (5.7) and Price (5.5) to align with High Earners and Profs. ROCK led in Profs with a 66.8% share and ranked #1 in value retail sales (\$2188M), but the segment showed poor future growth (-28%) over the next five periods. We continued targeting High Earners due to their future growth potential. The new allocation for this round is: 1% Explorers, 6% Shoppers, 25% Profs, 63% High Earners, and 5% Savers, with an increased media budget of \$3M and a reduced research budget of \$100K. Perceptual objectives are now set to Design (5.6) and Price (5.5).

For ROLL, we shifted focus to Shoppers and Savers, adjusting the brand by lowering price and increasing design. The round five allocation was: 1% Explorers, 42% Savers, 4% High Earners, 4% Profs, and 49% Shoppers, with a media budget of \$1.8M and research budget of \$1.3M. ROLL ranked #6 in Shoppers with an 8.3% share, and the segment ranked #4 in value retail sales (\$153M), showing strong future growth (48%). However, ROLL's awareness in this segment was low at 52%. We plan to continue targeting Shoppers and Savers. The new allocation is: 1% Explorers, 44% Savers, 2% High Earners, 1% Profs, and 52% Shoppers. The media budget is increased to \$5M, and the research budget is set at \$3M, with a focus on increasing awareness.

Commercial Team

Last round for Rock we had 90 stores with the following breakdown: 45 specialties, 25 mass merch, and 20 online. Looking at the results from the last round, we see that High Earners' shopping habits are 47% specialty stores, 27% mass merchandising, and 26% online. Based on this, we changed our commercial team allocation to the following : 70 specialty, 30 mass merch, and 10 online.

Last round for Roll we had 62 with the following breakdown: 22 specialty, 30 mass merch, and 10 online. Looking at the results from the last round, we see that Shoppers shopping habits are 38% specialty stores, 41% mass merchandising, and 20% online. Based on this, we changed our commercial team allocation to the following : 23 specialty, 35 mass merch, and 12 online.

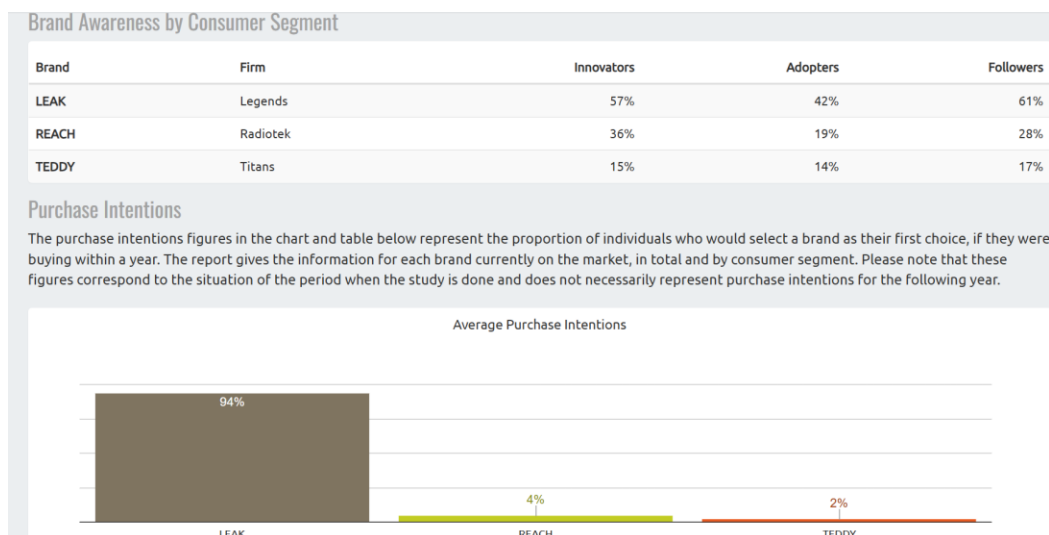
Market Research

Once again, we purchased all market research studies for Sonites and Vodites to be up to date on the current state of the market. This will allow us to best cater each of our product offerings to the most appealing segments, respectively.

We also launched an R&D for Sonite called 'ROLL2' as per feedback recommendation. Using the ideal metrics for shoppers and savers (out of a 7 scale for # of features, design, battery, display, and proc. Power which we converted into the scales given by the R&D creation tab), we allocated 483 K of our budget to move towards a new and improved brand. They are as follows (note: We went towards the lower value between shoppers and savers for price justification purposes): 7 # Features, 7 Design, 45 Battery, 20 Display, 40 Proc Power.

Vodites

Last round we launched our Vodite brand, REACH. We set the price at \$385. This round we set pricing to \$370 because the brands who are being us in market share have a lower price. Also, targeting innovators, we lowered price to be their most attractive option. Last round we allocated \$1500k to research, \$1500 to media, and allocated it as follows: 80% innovators, 15% adopters, and 5% followers. We put perceptual objectives of price (6.1) and resolution (5.1). This round we decided to set our research budget to \$3,000k and media budget to \$3,000k and allocated it as follows: 90% innovators, 10% adopters, 0% followers. We set production to 70k units. Last round we allocated commercial team as follows: 10 specialty stores and 10 online stores to get reach. This round we changed our commercial team to 25 specialty stores and 6 mass merch and 10 online stores.



Metrics, Changes in Performance and Moving Forward

The results from last round returned our best performance changes yet. Our firm is currently placed at #2 in share price index; #2 in volume market share; #2 in value market share; and #2 in net contribution. Our budget for this period was \$23.9m, which was above average compared to other firms. Though we are still paying back the loan.

Round 7

Production Planning

The production plan set for ROCK was adequate (450k units). We had no units in our inventory. This period, we increased the production to 465k units to capture the projected market growth in the next round.

The production plan set for ROLL was too low (180k units). 216k units were produced. It is estimated that 23k units of potential sales have been lost. This round we are producing 260k units, as the market is projected to grow and we don't want to miss the potential sales, as we did last round.

Pricing

ROCK meets the expectations of Profs along the product dimensions of the Brand Maps and Perceptual Maps (if available). However, its price is lower than what Profs are expected to pay for a product meeting their needs. For ROCK, the last round we had the price set at \$470, this round we are increasing it to \$490 so it better meets the expectations of Profs.

Regarding Roll, last round we dropped our price from \$344 to \$370 to better align it with ideals of Shoppers and savers. Continuing to target savers and shoppers who value low prices, we decided to keep our price of \$320.

Advertising and Segmentation Strategy

For ROCK, the last round's allocation was: 1% Explorers, 6% Shoppers, 25% Profs, 63% High Earners, and 5% Savers, with a media budget of \$2M and research budget of \$800K. We focused on Design (5.6) and Price (5.5) to align with High Earners and Profs. ROCK led in Profs with a 67.5% share but had low future growth (-36%) in retail sales (\$195M). We continued targeting High Earners, as they show future growth potential. The new allocation for this round is: 1% Explorers, 6% Shoppers, 25% Profs, 63% High Earners, and 5% Savers, with the same media budget of \$2M and an increased research budget of \$1M.

For ROLL, we shifted focus to Shoppers and Savers, lowering the price and increasing the design value. The round five allocation was: 1% Explorers, 44% Savers, 2% High Earners, 1% Profs, and 52% Shoppers, with a media budget of \$500K and a research budget of \$3M. ROLL ranked #2 in Shoppers with a 15.2% share and \$187M in retail sales, and the segment shows strong future growth (38%). We achieved 55% awareness in this segment, one of the highest. Our new allocation is: 0% Explorers, 40% Savers, 5% High Earners, 0% Profs, and 55% Shoppers. The media and research budgets were set at \$500K each, and perceptual objectives were adjusted to Design (5.5) and Display (5.3).

Market Contribution

The table below shows a comparison of the net contribution generated by the two markets where firm Radiotek is marketing products.

	Sonites	Vodites
Revenues	157,191	5,262
Cost of goods sold	-74,295	-3,737
Inventory costs	-529	-1,222
Contribution before marketing	82,367	302
Advertising expenditures	-4,000	-4,000
Commercial costs	-3,974	-1,267
Contribution after marketing	74,393	-4,965
Market research studies	-528	-454
Research and development	-2,233	0
Net contribution	71,632	-5,418

Commercial Team

Last round for Rock we had 90 stores with the following breakdown: 45 specialties, 25 mass merch, and 20 online. Looking at the results from the last round, we see that High Earners' shopping habits are 46% specialty stores, 26% mass merchandising, and 29% online. Based on this, we decided to keep our commercial team allocation to the following : 70 specialty, 30 mass merch, and 10 online.

Last round for Roll we had 62 with the following breakdown: 23 specialty, 35 mass merch, and 12 online. Looking at the results from the last round, we see that Shoppers shopping habits are 37% specialty stores,

41% mass merchandising, and 22% online. Based on this, we changed our commercial team allocation to the following : 20 specialty, 40 mass merch, and 10 online.

Market Research

Once again, we purchased all market research studies for Sonites and Vodites to be up to date on the current state of the market. This will allow us to best cater each of our product offerings to the most appealing segments, respectively.

Vodites

This is the third round with our brand, REACH. Last round we lowered the price from \$385 to \$370 targeting innovators. We are currently ranked #2 in Innovators with a share of 3.2%U, which is a 1.7%U increase, but we are struggling with purchase intention. Our main competitor is LEAK. Last round we allocated \$3,000k to research, \$3,000 to media, and allocated it as follows: 90% innovators, 10% adopters, and 0% followers; Commercial team: 25 specialty stores and 6 mass merch and 10 online stores.

In the next period followers are expected to grow 234.7%, adopters (54.5%), and innovators (13.3). Thus, we are beginning to shift our focus towards Adopters, 46.5%, of the current period consumer segment size (in % of total market size). We changed the resource allocation to: 35% innovators, 50% adopters, and 15% followers; Media \$2000k Research \$2000k. Commercial team: 35 specialty stores and 6 mass merch and 10 online stores. Last round, our production plan was too high (70k units). 56k units were produced, our inventory is now 107k units. We changed our production plan to 20k units this round.

Metrics, Changes in Performance and Moving Forward

The results from the last round returned that our firm is currently ranked #2 in share price index: #2 in volume market share; #2 in value market share; and #2 in net contribution. Our revenues have increased by 1.5%, but our earnings decreased by -18.9% because of our increase in COGS (6.7%), Inventory (87.5%), Advertising (94.4%), and Commercial (19.5%). Despite this, our budget for this round was \$23m.

Round 8

Production Planning

Last round we increased our production plan from 450k units to 465k units to account for the growth in the market. That production plan was a success, and we ended the period with no leftover inventory. This round we set production planning to 490k units to keep up with the projected 4% growth in the market next period.

Last round, the production plan set for ROLL was too low (180k units). 216k units were produced. It is estimated that 23k units of potential sales have been lost. Thus, we adjusted to producing 260k units, considering the market growth. Unfortunately, the production plan was slightly too high and despite the automated reduced production (208k units), our final inventory is 42k units. Based on these events, we decided to set production planning to 200k units this period.

Pricing

Last round, we set the price of ROCK to \$490 to meet the expectations of Profs along the product dimensions of the Brand Maps and Perceptual Maps and the price they were willing to pay for a product that meets their needs. However, this round we kept the price at \$490 to target Profs as it was too late in the game to successfully pivot our target demographic (aim was to maximize sales in the Profs category in the final period).

Last round for ROLL, we kept our price of \$320, continuing to target shoppers. This aligned well with the price they were willing to pay for a product that met their needs. This round, we decided to set the pricing for ROLL's offerings at \$310.

Advertising and Segmentation Strategy

For ROCK, the last round's allocation was: 1% Explorers, 6% Shoppers, 25% Profs, 63% High Earners, and 5% Savers, with a media budget of \$2M and research budget of \$1M. ROCK led in Profs with a 67.6% share but ranked #4 in value retail sales (\$174M) and showed poor future growth (-37%) over the next five periods. We continued targeting High Earners due to their future growth potential. The new allocation for this round is: 1% Explorers, 2% Shoppers, 32% Profs, 63% High Earners, and 2% Savers, with an increased media budget of \$3.5M and the research budget unchanged at \$1M.

For ROLL, we shifted focus to Shoppers and Savers, modifying the brand by lowering price and increasing design. The last round's allocation was: 0% Explorers, 40% Savers, 5% High Earners, 0% Profs, and 55% Shoppers, with a media budget of \$500K and research budget of \$500K. We set perceptual objectives with Design (5.5) and Display (5.3). ROLL ranked #2 in Shoppers with a 15.3% share, increasing by 0.2%U, and the segment ranked #2 in value retail sales (\$215M), with strong future growth (35%). Awareness in the segment was low (52%) compared to competitors like MOVE and SOLO. For this period, we plan to continue targeting Shoppers and move into Savers. The new allocation is: 0% Explorers, 40% Savers, 5% High Earners, 0% Profs, and 55% Shoppers, with a media budget of \$1.25M and research budget of \$500K.

Commercial Team

Last round for Rock we had 110 stores with the following breakdown: 70 specialty, 30 mass merch, and 10 online. Looking at the results from the last round, we see that High Earners' shopping habits are 45% specialty stores, 24% mass merchandising, and 31% online. Based on this, we decided to make our commercial team allocation to the following : 70 specialty, 30 mass merch, and 10 online.

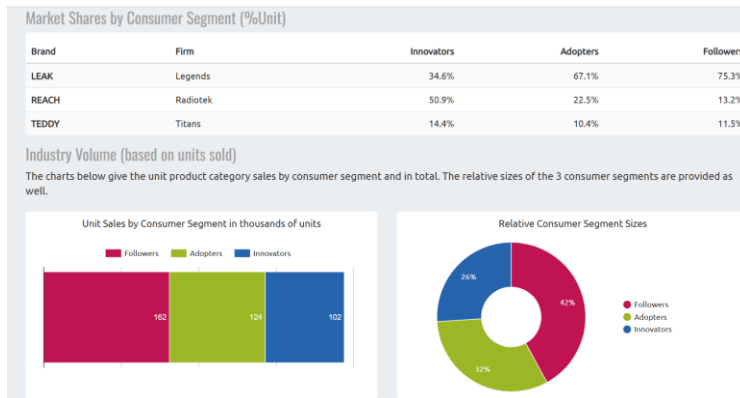
Last round for Roll we had 70 stores with the following breakdown: 20 specialty, 40 mass merch, and 10 online. Looking at the results from the last round, we see that Shoppers shopping habits are 35% specialty stores, 41% mass merchandising, and 24% online. Based on this, we changed our commercial team allocation to the following: 20 specialty, 40 mass merch, and 10 online.

Market Research

Once again, we purchased all market research studies for Sonites and Vodites to be up to date on the current state of the market. This will allow us to best cater each of our product offerings to the most appealing segments, respectively.

Vodite Brand REACH

This is the fourth round with our brand, REACH. There are currently only three brands on the market and our main competitor is LEAK. Last round we allocated \$2,000k to research, \$2,000 to media, and allocated it as follows: 35% innovators, 50% adopters, and 15% followers; Commercial team: 35 specialty stores and 6 mass merch and 10 online stores. We are currently ranked #2 in Innovators with a share of 20.3%U, which is a 17.1%U increase over the past period. Innovators are ranked #3 in terms of retail sales (\$31m).



Advertising and Segmentation:

For this period, we are primarily targeting the segment of innovators. We changed the resource allocation to: 60% innovators, 35% adopters, and 5% followers; \$6000k Media, and \$3000k Research.

Commercial Team:

Looking at the Shopping habits of segments in the Vodites market we saw the following shopping habits: Innovators: 67% Specialty, 13% Mass Merch, 20% Online; Adopters: 50% Specialty, 25% Mass Merch, 25% Online; Followers: 27% Specialty, 43% Mass Merch, 30% Online. Based on this we set our Commercial team as follows: 25 specialty stores and 16 mass merch and 10 online stores. Our commercial team allocations for ROLL were performing well, so we decided to make no changes there.

Production:

Last round, our production plan was too high (20k units). 16k units were produced, our inventory is now 101 units. As a result, we will not be producing more units of REACH this round because our supply is greater than the increase in demand for Vodites this period. We modified our ROLL brand and used our new R+D project POROLL2.

Metrics, Changes in Performance and Moving Forward

The results from the last round showed that our firm is currently ranked #2 in share price index: #3 in volume market share; #2 in value market share; and #2 in net contribution. Last round our revenues had increased by 1.5%, but this round, our revenues have decreased by -3.9%. Despite this, our budget for this period was 24.8 million dollars, the highest budget of this period across the industry.

Team Report

Benjamin Hall:

- Helped translate decisions from the Markstrat website to the weekly write-up
- Compiled relevant graphics to explain our team's decision making
- Wrote the conclusion for the final paper
- Reviewed past feedback and helped analyze it to determine what steps needed to be replicated in the next round and what areas we should pivot our strategy
- Reviewed market research studies to determine what strategies our team should implement

Ceyda Parmaksiz:

- Reviewed market research reports each round to understand market trends, customer behavior, and competitive positioning.

- Provided insights and recommendations on production planning and pricing strategy based on the upcoming market conditions.
- Completed the marketing plan projections each round to analyze how our decisions (production, pricing, marketing spend, and targeting) were expected to perform.
- Actively contributed during decision-making discussions to ensure our strategy was aligned with both short-term goals and long-term positioning.
- Wrote the Executive Summary for the final report, consolidating our team's overall strategy and round-by-round performance.
- Created and added key round action summaries and takeaways to the presentation for our final submission.

Mika Spahn:

- Created and organized a shared OneDrive folder to streamline team collaboration and file management.
- Developed standardized templates for each round's write-up to ensure consistency and clarity, in which I prepped before meetings for efficiency and ease.
- Reviewed weekly feedback and prepared strategic insights ahead of meetings to share with the team and guide decision-making.
- Reviewed market research studies each round to identify shifts in customer behavior and upcoming growth opportunities.
- Helped lead segmentation strategy efforts and ensured proper alignment across target segments.
- Strategized Markstrat decisions based on consumer survey panel research, market forecast data, semantic scales, and brand maps.
- Actively contributed to team discussions by providing research-based recommendations to strengthen our overall game strategy.

Anshmeet Singh:

- Contributed heavily on Research & Development within MarkStrat, developing a profitable strategy.
- Helped with overall decision making every week on other parts of MarkStrat, incorporating feedback and results from previous rounds.
- Analyzed pricing details as they relate to demand from consumer segments to help with setting the best price points for each consumer segment moving forward into future rounds.
- Reviewed final submissions to make sure they fall inline with formatting and design standards set by the team and professor.
- Condensed our notes and decisions to be submitted in an easy to understand and effective manner.

Cameron Wiltfong:

- Reviewed market research studies each round to identify shifts in customer behavior and upcoming growth opportunities.
- Contributed to team discussions on production planning, pricing adjustments, and segmentation strategies based on market trends and round feedback.
- Helped develop targeting and positioning strategies for ROCK, ROLL, and REACH to align with evolving customer segment needs.
- Created and refined visual slides to clearly present our strategy, key actions, and performance for the final class presentation.

Conclusion

Our team finished second in SPI in the Buffalo market. Although we ironed out many of the issues which we had at the beginning of the game, there were still some areas in which we could have improved. We were initially able to align ROCK perfectly with our target market. However, even after much trial and error, we didn't do well in making ROLL a desirable product for our designated target market. We believe that we focused too many of our resources on developing ROCK early on and didn't expend enough resources developing ROLL to its full capacity. Rebranding a product when it already has an established reputation is a challenge which we hadn't previously anticipated at the beginning of the simulation.

We were similarly unsuccessful in creating a successful Vodite product. While we were able to launch a product at the lowest cost in the market, we likely catered too much to innovators and were unprepared to market to early adopters and followers as the game progressed. Another issue we found was that spending all our remaining money in each period on advertising and research hurt our bottom line more than it helped us. The more we spent on these aspects, the higher the cost of goods sold became, and therefore decreased our products' contribution margin. The common denominator between these two missteps was that we had trouble finding a balance between focusing on the period at hand and preparing for the future. Overall, we were satisfied with our team's performance, and all have a much better understanding of the factors that affect a product's success in the market.